

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 4617

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: DECEMBER 21, 2020

SUMMARY

- Synopsis:** Addresses certain landlord expenses in response to COVID-19 pandemic; appropriates \$300 million.
- Type of Impact:** Potential indeterminate increase in State expenditures and local revenues.
- Agencies Affected:** Department of Community Affairs and local housing authorities.

Office of Legislative Services Estimate

Fiscal Impact	
Potential State Cost Increase	Indeterminate
Potential Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may (1) potentially increase State expenditures attributable to increased administrative costs for the Department of Community Affairs (DCA) and may (2) potentially increase local revenues due to certain local units serving as a local housing authority, and thereby a landlord eligible for assistance from the Landlord Emergency Compensation Program established under the bill.
- The bill requires the DCA to make information available on its Internet website to assist landlords with the application process, “engage in substantial effort to enhance awareness among the State’s landlords of the ability to apply for assistance,” and establish a telephone hotline to help landlords with application completion. The OLS concludes that these requirements would increase administrative costs for the DCA.
- According to information on the federal Department of Housing and Urban Development website, approximately 82 municipalities in the State serve as the local housing authority. Under the bill, local housing authorities collecting rental payments would be eligible to receive assistance from the program.

BILL DESCRIPTION

The bill would establish the “Landlord Emergency Compensation Program” as a program in the DCA. The bill would allow eligible landlords to apply for assistance, in the form of financial compensation, during an “assistance period” in the time of the Coronavirus pandemic. The bill defines the assistance period as the period beginning April 1, 2020 and ending two months following the end of the public health emergency declared in Executive Order No. 103.

The bill authorizes a landlord to apply for assistance payments to compensate for the portions of unpaid rent, due during the assistance period, that a landlord’s residential tenants have owed, but have not paid. The program would only provide assistance payments to a landlord to the extent that this compensation is necessary to allow the landlord to cover the housing costs of the landlord’s residential rental units when combined with the rental payments that the landlord has received.

The program would not provide assistance to a landlord for: (1) housing costs that, prior to March 9, 2020, the landlord had anticipated covering through funding sources other than rent payments; or (2) housing costs for which the landlord has obtained compensation, or has an outstanding application for compensation, through a different program that DCA has determined to preempt the landlord from eligibility.

The bill requires DCA to limit eligibility for assistance payments to landlords who (1) have no pending criminal charges, (2) are in substantial compliance with building and housing code responsibilities upon application submission, and (3) are in substantial compliance with tax payment responsibilities as of March 9, 2020.

The program would begin accepting applications as soon as possible following enactment of this bill. The bill authorizes DCA to prioritize program application approval based on the financial need of the landlord as determined appropriate.

The bill directs that program applications would be required to state the total amount of rent due for the rental unit as established in the lease, the amount paid by the tenant or third parties, if any, the amount unpaid, the landlord’s housing costs, and any other information required by DCA.

The bill requires that the assistance payment, once accepted by a landlord, would be a full settlement of rent due for all of the landlord’s residential tenants during the period both within the assistance period and prior to submission of the program application. By accepting an assistance payment, the landlord would also waive any late fees charged to residential tenants as a result of rent nonpayment in that time. A landlord receiving assistance or awaiting DCA’s response to a program application would be prohibited from initiating an eviction proceeding, or completing a previously-initiated eviction proceeding, for any unpaid rent balances owed for rent due during that time. Upon the provision of an assistance payment, the bill would require the commissioner to also notify the landlord’s tenants of the protections provided to them as a consequence of the landlord’s assistance payment. A landlord would be prohibited from accepting a delinquent rent payment from a tenant if it has been covered by an assistance payment.

As soon as practicable following enactment, the bill directs DCA to prepare and make available, on its Internet website, information for landlords on: (1) when assistance applications will be available, (2) the necessary steps for application submission, (3) how to obtain help in application completion, and (4) other matters related to assistance applications that DCA deems necessary. This information would be made available in English, Spanish, and any other languages determined necessary. Once assistance applications are made available, DCA would provide for the establishment and maintenance of a toll-free telephone hotline available, at a minimum, weekdays between 8:30 a.m. and 5:30 p.m. through which a landlord may ask questions and obtain help in application completion.

An intentional misrepresentation by a landlord of any information to obtain an assistance payment would constitute a crime of the fourth degree under the bill, in addition to other applicable penalties. A crime of the fourth degree is ordinarily punishable by a term of imprisonment of up to 18 months or a fine of up to \$10,000, or both.

Finally, the bill would appropriate \$300 million from the funds provided to the State by the federal government under the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” for assistance under the program established by the bill, of which no more than \$1.5 million would be used by the DCA to defray the administrative costs of the program. However, in the event that the \$300 million is not available through the CARES Act, then the remainder would be appropriated from other federal and State funding available for coronavirus relief as it becomes available.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may (1) potentially increase State expenditures attributable to increased administrative costs for the DCA and may (2) potentially increase local revenues due to certain local units serving as a local housing authority, and thereby a landlord eligible for assistance from the Landlord Emergency Compensation Program established under the bill.

The bill requires the DCA to make information available on its Internet website to assist landlords with the application process, “engage in substantial effort to enhance awareness among the State’s landlords of the ability to apply for assistance,” and establish a telephone hotline to help landlords with application completion. The OLS concludes that these requirements would increase administrative costs for the DCA, though cannot provide an exact estimation..

While the bill may potentially increase State expenditures, language in the bill allows for up to \$1.5 million of the \$300 million appropriation to defray the administrative costs of the program. The \$300 million appropriation provided to the State by the United States government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. Law 116-136. If \$300 million is not available through the CARES Act, then the remainder of this amount would be appropriated from other federal or State funding sources, or both, authorized for coronavirus relief.

Additionally, according to information on the federal Department of Housing and Urban Development website, approximately 82 municipalities in the State serve as the local housing authority. Under the bill, eligible housing authorities serving as landlords would be eligible to receive assistance from the program. The OLS is unable to estimate how much unpaid rent is owed to local housing authorities and eligible for compensation under the program.

Section: Local Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).